

Translation

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Summary of Consolidated Financial Results for the Year Ended June 30, 2022 (Based on Japanese GAAP)

August 12, 2022

Company name: Japan Living Warranty Inc.
 Stock exchange listing: Tokyo
 Stock code: 7320 URL <https://jlw.jp>
 Representative: Representative director and president Yoshitaka Adachi
 Director, General Manager of Administration
 Inquiries: Headquarters Atsushi Yoshikawa TEL 03-6276-0401
 Scheduled date of ordinary general meeting of shareholders: September 27, 2022
 Scheduled date to file Securities Report: September 27, 2022
 Scheduled date to commence dividend payments: September 28, 2022
 Preparation of supplementary material on financial results: Yes
 Holding of financial results meeting: Yes

(Amounts less than one million yen are rounded down)

1. Consolidated financial results for the year ended June 30, 2022 (from July 1, 2021 to June 30, 2022)

(1) Consolidated operating results

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Year ended June 30, 2022	3,305	25.9	650	70.3	767	67.5	546	124.7
Year ended June 30, 2021	2,624	—	381	—	458	—	243	—

	Earnings per share	Diluted earnings per share	Profit attributable to owners of parent/equity	Ordinary profit/total assets	Operating profit/net sales
	Yen	Yen	%	%	%
Year ended June 30, 2022	109.48	108.19	54.0	5.0	19.7
Year ended June 30, 2021	48.73	47.73	35.2	4.0	14.5

(2) Consolidated financial position

	Total assets	Net assets	Equity ratio	Net assets per share
	Millions of yen	Millions of yen	%	Yen
As of June 30, 2022	16,219	1,243	7.7	247.90
As of June 30, 2021	14,469	779	5.4	155.79

(3) Consolidated cash flows

	Cash flows from operating activities	Cash flows from investing activities	Cash flows from financing activities	Cash and cash equivalents at end of period
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ended June 30, 2022	293	(3,169)	748	3,058
Year ended June 30, 2021	5,120	(1,631)	420	5,172

2. Cash dividends

	Annual dividends per share					Total cash dividends (Total)	Dividend payout ratio (Consolidated)	Ratio of dividends to net assets (Consolidated)
	1st quarter-end	2nd quarter-end	3rd quarter-end	Fiscal year-end	Total			
	Yen	Yen	Yen	Yen	Yen	Millions of yen	%	%
Year ended June 30, 2021	—	0.00	—	10.00	10.00	50	13.8	6.4
Year ended June 30, 2022	—	0.00	—	10.00	10.00	50	9.1	5.0
Year ending June 30, 2023 (Forecast)	—	0.00	—	10.00	10.00		7.3	

3. Forecast of consolidated financial results for the year ending June 30, 2023 (from July 1, 2022 to June 30, 2023)

Percentages indicate year-on-year changes

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Earnings per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months ending December 31, 2022	1,733	7.7	289	(38.2)	360	(31.4)	243	(31.7)	48.68
Full year	3,953	19.6	860	32.2	1,010	31.6	685	25.4	137.23

4. Notes

(1) Changes in significant subsidiaries during the year ended June 30, 2022

(changes in specified subsidiaries resulting in the change in scope of consolidation): No

(2) Changes in accounting policies, changes in accounting estimates, and restatement of prior period financial statements

Changes in accounting policies due to revisions to accounting standards and other regulations: Yes

Changes in accounting policies due to other reasons: No

Changes in accounting estimates: No

Restatement of prior period financial statements: No

(3) Number of issued shares (common shares)

Total number of issued shares at the end of the period (including treasury shares)

As of June 30, 2022	5,118,300 shares	As of June 30, 2021	5,058,300 shares
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Number of treasury shares at the end of the period

As of June 30, 2022	100,662 shares	As of June 30, 2021	56,175 shares
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Average number of shares during the period

Year ended June 30, 2022	4,991,262 shares	Year ended June 30, 2021	4,990,627 shares
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Consolidated financial statements
Consolidated balance sheets

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Assets		
Current assets		
Cash and deposits	5,547,736	3,399,821
Accounts receivable - trade	55,872	71,334
Securities	125,052	158,521
Money held in trust	199,902	199,902
Prepaid expenses	346,311	460,317
Advances paid	751,332	1,694,100
Other	286,899	247,776
Total current assets	7,313,106	6,231,774
Non-current assets		
Property, plant and equipment		
Buildings	73,785	52,012
Accumulated depreciation	(11,809)	(11,447)
Buildings, net	61,976	40,565
Land	39,793	1,339
Construction in progress	197,415	927,719
Other	29,381	29,607
Accumulated depreciation	(17,887)	(20,570)
Other, net	11,494	9,036
Total property, plant and equipment	310,679	978,661
Intangible assets		
Other	139,645	214,710
Total intangible assets	139,645	214,710
Investments and other assets		
Investment securities	964,329	1,097,431
Investments in capital	200,010	100,000
Guarantee deposits	1,165,095	914,461
Long-term prepaid expenses	2,111,791	2,337,347
Investment property	1,937,526	4,029,818
Accumulated depreciation	(36,644)	(73,118)
Investment property, net	1,900,882	3,956,700
Other	363,289	388,182
Total investments and other assets	6,705,397	8,794,123
Total non-current assets	7,155,723	9,987,494
Deferred assets		
Business commencement expenses	517	517
Total deferred assets	517	517
Total assets	14,469,346	16,219,786

(Thousands of yen)

	As of June 30, 2021	As of June 30, 2022
Liabilities		
Current liabilities		
Accounts payable - trade	74,701	65,205
Current portion of long-term borrowings	33,880	69,892
Income taxes payable	222,602	60,197
Unearned revenue	1,193,301	1,496,729
Deposits received	1,508,352	498,936
Provision for bonuses	79,700	84,634
Provision for bonuses for directors (and other officers)	20,000	–
Other	324,726	399,819
Total current liabilities	3,457,265	2,675,414
Non-current liabilities		
Long-term borrowings	619,001	1,369,809
Long-term unearned revenue	5,693,016	7,071,730
Long-term deposits received	3,873,866	3,798,093
Provision for point card certificates	6,322	5,812
Other	40,554	55,040
Total non-current liabilities	10,232,760	12,300,485
Total liabilities	13,690,025	14,975,900
Net assets		
Shareholders' equity		
Share capital	211,826	212,336
Capital surplus	186,826	191,297
Retained earnings	445,766	970,294
Treasury shares	(120,382)	(201,042)
Total shareholders' equity	724,036	1,172,885
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	55,284	70,999
Total accumulated other comprehensive income	55,284	70,999
Total net assets	779,321	1,243,885
Total liabilities and net assets	14,469,346	16,219,786

Consolidated statements of income and consolidated statements of comprehensive income
Consolidated statements of income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Net sales	2,624,926	3,305,011
Cost of sales	964,806	1,115,184
Gross profit	1,660,120	2,189,826
Selling, general and administrative expenses	1,278,234	1,539,534
Operating profit	381,886	650,292
Non-operating income		
Interest income	7,509	11,544
Dividend income	4,192	2,250
Gain on sale of securities	53,789	7,196
Rental income from investment property	89,338	167,947
Other	16,120	54,604
Total non-operating income	170,950	243,543
Non-operating expenses		
Interest expenses	3,254	7,941
Loss on transactions of futures markets	1,489	25,579
Loss on sale of securities	39,892	–
Rent expenses of real estate for investment	49,316	88,236
Other	656	4,757
Total non-operating expenses	94,608	126,514
Ordinary profit	458,228	767,321
Extraordinary income		
Gain on sale of shares of subsidiaries and associates	–	0
Total extraordinary income	–	0
Extraordinary losses		
Bad debts written off	16,378	–
Loss on sale of non-current assets	–	11,000
Impairment losses	49,770	–
Total extraordinary losses	66,148	11,000
Profit before income taxes	392,079	756,321
Income taxes - current	226,791	163,382
Income taxes - deferred	(77,931)	46,495
Total income taxes	148,860	209,877
Profit	243,219	546,443
Profit attributable to owners of parent	243,219	546,443

Consolidated statements of comprehensive income

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Profit	243,219	546,443
Other comprehensive income		
Valuation difference on available-for-sale securities	70,218	15,715
Total other comprehensive income	70,218	15,715
Comprehensive income	313,438	562,159
Comprehensive income attributable to		
Comprehensive income attributable to owners of parent	313,438	562,159

Consolidated statements of changes in equity

Fiscal year ended June 30, 2021

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	206,771	181,771	257,427	(93)	645,877
Cumulative effects of changes in accounting policies			(29,860)		(29,860)
Restated balance	206,771	181,771	227,567	(93)	616,017
Changes during period					
Issuance of new shares	5,055	5,055			10,110
Profit attributable to owners of parent			243,219		243,219
Dividends of surplus			(25,021)		(25,021)
Purchase of treasury shares				(120,289)	(120,289)
Net changes in items other than shareholders' equity					
Total changes during period	5,055	5,055	218,198	(120,289)	108,019
Balance at end of period	211,826	186,826	445,766	(120,382)	724,036

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	(14,934)	(14,934)	630,943
Cumulative effects of changes in accounting policies			(29,860)
Restated balance	(14,934)	(14,934)	601,083
Changes during period			
Issuance of new shares			10,110
Profit attributable to owners of parent			243,219
Dividends of surplus			(25,021)
Purchase of treasury shares			(120,289)
Net changes in items other than shareholders' equity	70,218	70,218	70,218
Total changes during period	70,218	70,218	178,238
Balance at end of period	55,284	55,284	779,321

Fiscal year ended June 30, 2022

(Thousands of yen)

	Shareholders' equity				
	Share capital	Capital surplus	Retained earnings	Treasury shares	Total shareholders' equity
Balance at beginning of period	211,826	186,826	445,766	(120,382)	724,036
Changes during period					
Issuance of new shares	510	510			1,020
Profit attributable to owners of parent			546,443		546,443
Dividends of surplus			(50,021)		(50,021)
Increase in retained earnings from exclusion of subsidiaries from consolidation			28,105		28,105
Purchase of treasury shares				(93,595)	(93,595)
Disposal of treasury shares		3,961		12,935	16,897
Net changes in items other than shareholders' equity					
Total changes during period	510	4,471	524,527	(80,660)	448,848
Balance at end of period	212,336	191,297	970,294	(201,042)	1,172,885

	Accumulated other comprehensive income		Total net assets
	Valuation difference on available-for-sale securities	Total accumulated other comprehensive income	
Balance at beginning of period	55,284	55,284	779,321
Changes during period			
Issuance of new shares			1,020
Profit attributable to owners of parent			546,443
Dividends of surplus			(50,021)
Increase in retained earnings from exclusion of subsidiaries from consolidation			28,105
Purchase of treasury shares			(93,595)
Disposal of treasury shares			16,897
Net changes in items other than shareholders' equity	15,715	15,715	15,715
Total changes during period	15,715	15,715	464,564
Balance at end of period	70,999	70,999	1,243,885

Consolidated statements of cash flows

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from operating activities		
Profit before income taxes	392,079	756,321
Depreciation	59,164	93,586
Impairment losses	49,770	–
Amortization of goodwill	5,530	–
Increase (decrease) in provision for bonuses	39,200	4,934
Increase (decrease) in provision for bonuses for directors (and other officers)	20,000	(20,000)
Increase (decrease) in provision for point card certificates	1,515	(509)
Interest and dividend income	(11,702)	(13,795)
Interest expenses	3,254	7,941
Foreign exchange losses (gains)	(3,728)	(18,746)
Loss (gain) on sale of securities	(13,896)	(7,196)
Loss (gain) on sale of non-current assets	–	11,000
Rent of real estate for investment	(89,338)	–
Rent expenses on real estate for investments	30,645	–
Decrease (increase) in trade receivables	8,994	(21,540)
Increase (decrease) in trade payables	(2,562)	(3,104)
Increase (decrease) in unearned revenue	157,287	364,098
Increase (decrease) in long-term unearned revenue	1,235,704	1,320,503
Increase (decrease) in deposits received	1,295,930	(1,008,836)
Increase (decrease) in long-term deposits received	2,263,066	(75,773)
Increase (decrease) in accounts payable - other	77,869	(38,314)
Decrease (increase) in prepaid expenses	(68,545)	(116,072)
Decrease (increase) in long-term prepaid expenses	(44,126)	(211,177)
Decrease (increase) in advances paid	(97,620)	(950,830)
Other, net	(124,879)	546,510
Subtotal	5,183,611	618,999
Interest and dividends received	10,814	11,244
Interest paid	(3,515)	(8,385)
Income taxes paid	(70,630)	(328,686)
Net cash provided by (used in) operating activities	5,120,280	293,172

(Thousands of yen)

	Fiscal year ended June 30, 2021	Fiscal year ended June 30, 2022
Cash flows from investing activities		
Payments into time deposits	(500,000)	–
Purchase of property, plant and equipment	(240,256)	(662,476)
Proceeds from sale of property, plant and equipment	–	43,752
Purchase of intangible assets	(74,191)	(112,712)
Investments in money held in trust	(100,000)	–
Purchase of investment securities	(235,477)	(167,190)
Proceeds from sale and redemption of investment securities	128,433	65,013
Purchase of investment property	(1,040,323)	(2,092,171)
Proceeds from rental of investment property	89,338	–
Payments from rental of real estate for investment	(30,645)	–
Payments of guarantee deposits	(139,000)	(254,000)
Proceeds from refund of guarantee deposits	280,000	–
Proceeds from cancellation of insurance funds	–	15,412
Purchase of insurance funds	(29,952)	(30,844)
Payments of leasehold deposits	–	(29,734)
Return of lease deposits	26,948	101
Payments for investments in capital	(100,000)	–
Proceeds from sale of investments in capital	375,857	107,222
Purchase of shares of subsidiaries resulting in change in scope of consolidation	(3,959)	–
Payments for sale of shares of subsidiaries resulting in change in scope of consolidation	–	(6,439)
Other, net	(38,654)	(45,692)
Net cash provided by (used in) investing activities	(1,631,884)	(3,169,761)
Cash flows from financing activities		
Net increase (decrease) in short-term borrowings	–	104,000
Proceeds from long-term borrowings	580,000	843,000
Repayments of long-term borrowings	(24,669)	(56,180)
Proceeds from issuance of shares	10,110	1,020
Purchase of treasury shares	(120,289)	(93,595)
Dividends paid	(25,017)	(50,008)
Net cash provided by (used in) financing activities	420,133	748,235
Effect of exchange rate change on cash and cash equivalents	2,188	13,907
Net increase (decrease) in cash and cash equivalents	3,910,718	(2,114,445)
Cash and cash equivalents at beginning of period	1,262,069	5,172,788
Cash and cash equivalents at end of period	5,172,788	3,058,342